

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

INDUSTRY CIRCULAR NO. 59-43

June 19, 1959

*AMK*

## PROPOSED AMENDMENT OF 26 CFR PART 252

Proprietors of distilleries, alcohol plants, bonded warehouses, taxpaid bottling houses, rectifying plants, bonded wine cellars, taxpaid wine bottling houses, wholesale liquor dealers, and others concerned:

**Purpose.** The purpose of this circular is to acquaint you with the provisions of a notice of proposed rule making, published in the Federal Register for June 11, 1959, which would amend the regulations in 26 CFR Part 252 relating to the exportation of distilled spirits, beer, and wines with benefit of drawback of the tax.

**Background.** The export drawback provisions of the Internal Revenue Code of 1954, have been extended in certain areas by the Excise Tax Technical Changes Act of 1958 (Public Law 85-859) to include (1) spirits in packages filled in internal revenue bond, (2) any wines produced or manufactured in the United States, (3) spirits bottled for domestic consumption (including bottled-in-bond spirits) which have been restamped and marked for export, and (4) spirits bottled in bond for export.

The proposed amendments would provide procedures whereby exporters may avail themselves of the additional privileges on and after July 1, 1959.

**Proposed Changes.** The proposed amendments to 26 CFR Part 252 are more fully described as follows:

(a) Sections 252.135 and 252.137 would be revised to apply to any package of distilled spirits filled in internal revenue bond. (The provisions of these sections would no longer be limited to distillers' original packages.)

(b) A new subpart (subpart G) is proposed to provide procedures for exporting and claiming drawback on taxpaid or tax determined wines which have not been bottled or packaged especially for export. The proposed subpart would not require the maintenance of export storage for wines, but would require that claims for drawback on wines not bottled or packaged especially for export be supported by a certificate of tax determination or tax status, Form 2605, executed by the bottler or packer of the wines, as the case may be. The subpart would also provide that persons maintaining export storage for wines could, at

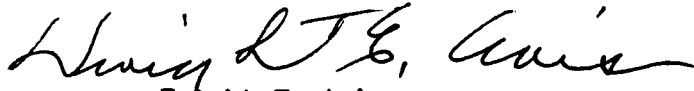
their option, follow: (1) the existing procedures of Part 252 for bottling or packaging wines especially for export, or (2) the procedures provided in the proposed new subpart.

(c) Another new subpart (subpart H) is proposed to: (1) prescribe procedures for restamping and marking for export spirits (including bottled-in-bond spirits) originally bottled for domestic use, before their removal from the premises where originally bottled, and for claiming drawback of the tax found to have been paid or determined on such spirits on the exportation thereof, and (2) provide that spirits may be bottled in bond for export with benefit of drawback and so exported after payment or determination of the internal revenue tax.

Consent of Surety. The terms of existing bond forms (Forms 1581 and 1581-A) are not broad enough to cover the additional privileges which would be provided. Therefore, before exporters may exercise the additional privileges with the benefits of bond coverage as prescribed in 26 CFR 252.41, it will be necessary that such bonds be extended by appropriate consents of surety on Form 1533. This requirement is set forth in the proposed amendment of section 252.142 and in proposed new sections 252.199 and 252.202.

Forms. Your assistant regional commissioner has a stock of Forms 1533 and 2605 and will issue a supply of them, and furnish you instructions for using them, on request.

Inquiries. Inquiries concerning this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).



Dwight E. Avis

Director, Alcohol and Tobacco Tax Division.

IRS-D.C.-49865